

FISCAL NOTE

HB 2457 - SB 2689

February 16, 2002

SUMMARY OF BILL: Allows an existing municipality not operating a school system or a municipality incorporated after May 19, 1998, to establish a school system.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Shift in local government revenues and expenditures from county governments to the special school district - Exceeds \$100,000/Permissive

Assumes:

- that if a county school system becomes a special school district, the special school district would be totally separate from the county. The county would no longer issue debt for the school district and the district would set its own tax rate with the approval of the General Assembly. Therefore, the school system would not be required to share proceeds with any incorporated areas. It is estimated that there would be an increase in revenues and expenditures for the LEA (special school district) and a decrease in revenues and expenditures for any affected county governments.
- any school debt currently on the county's books would follow the newly created special school district. It is unclear as to whether the county would be relieved of its obligation to provide a school system.
- the school system would no longer be included in the county's audit report and would require a separate one. However, this is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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